

MULTIFAMILY FINANCIAL REPORTING REVISIONS

TABLE OF CONTENTS

- OVERVIEW
- REAC
- CHART OF ACCOUNT REVISIONS
- SUPPLEMENTAL COMPLIANCE DATA REVISIONS
- FINANCIAL STATEMENT SUBMISSION REVISIONS
- APPENDIX NO. 1 – SIDE-BY-SIDE COMPARISON OF OLD AND NEW CHART OF ACCOUNTS
- APPENDIX NO. 2 – ADDITIONAL ACCOUNTS FOR NONPROFITS
- APPENDIX NO. 3 – ADDITIONAL ACCOUNTS FOR COOPERATIVES

OVERVIEW

HUD has a substantial financial risk and regulatory role in about 30,000 multifamily housing projects that receive HUD-insured mortgages and/or other forms of HUD financial assistance. To help control a project's financial risk and better assure regulatory compliance, a body of unique financial compliance and reporting requirements have evolved to place limits on a project owner's use and distribution of project assets. However, HUD has not consistently administered and enforced its financial compliance and reporting requirements on a national basis. Many requirements are inconsistently interpreted and applied at the local HUD field office level. The lack of a central automated data system for analyzing project-level financial and compliance information has greatly hindered HUD attempts to consistently and effectively manage the financial risks and regulatory oversight responsibilities associated with its extensive multifamily housing portfolio. REAC was established, in part, to:

- set and apply uniform financial reporting standards for HUD's multifamily housing programs, including a standard chart of accounts and supplemental compliance data, and annual audits of financial statements prepared in accordance with generally accepted accounting principles (GAAP);
- provide for electronic submission and processing of annual financial statement information and essential supplemental compliance data;
- design and apply objective financial performance and compliance measures;
- advise HUD's limited program monitoring and enforcement staff of acceptable housing program performers that need little or no further attention; and
- refer unacceptable financial performance and compliance indicators for possible program intervention or enforcement action by HUD's field office program staff or newly created Enforcement Center.

The purpose of this guideline is to:

- explain the reasons for and nature of changes to the chart of accounts and supplemental compliance data required for multifamily housing projects;
- give account-by-account guidance to convert from the old chart of accounts to the new chart of accounts in the middle of an annual accounting cycle;
- describe the planned implementation schedule for multifamily housing project compliance with REAC's new financial reporting requirements; and
- refer multifamily housing program participants to REAC's internet web site for a full description of the new chart of accounts and revised reporting requirements for HUD-supported multifamily housing programs.

REAC

What REAC is:

- A new HUD National Real Estate Assessment Center
- Represents HUD's new approach for improving asset management
- Standardizes the way HUD evaluates the condition of over 3,400 Public Housing Agencies (PHAs) and 30,000 multifamily housing properties
- Continuously assesses PHA and housing property performance and refers problem indicators to other HUD components for program intervention or enforcement action

REAC's Mission:

REAC's mission is to protect the interests of HUD, the taxpayers and low-income housing residents by establishing an assessment process to identify the risks of financial loss and poor housing service delivery, caused by:

- Physical property deterioration from neglect, inadequate maintenance, or a failure to modernize facilities
- Financial problems or insolvency of the PHA/owner, impacting the availability of funds to meet HUD program obligations
- Fraud, waste, or abuse

REAC's Goal:

REAC's goal is to establish a credible assessment process that will lead to a rise in the quality of the HUD housing portfolio and lives of housing residents, and reestablish the “public trust” in HUD’s housing program delivery.

How REAC will achieve its goal:

REAC will create a comprehensive management system to effectively and fairly measure a PHA or housing project’s performance based on physical, financial and management standards that are objective, uniform, and verifiable. To determine the physical condition of housing properties, REAC will conduct periodic on-site physical inspections, using uniform housing quality standards. To evaluate the financial health of PHAs and housing projects, REAC will obtain annual audits of GAAP-based financial statements and supplemental compliance data. This financial information will be analyzed using a specific set of financial performance ratios and compliance indicators, with comparison to portfolio and industry-wide standards and benchmarks.

CHART OF ACCOUNT REVISIONS

A standardized “chart of accounts” for preparing a multifamily housing project’s balance sheet and profit & loss statement is a necessary foundation for REAC’s planned assessment system for determining a multifamily housing project’s financial capacity to:

- sustain essential housing operations;
- meet its HUD-insured debt service requirements; and
- fulfill the maintenance and long-term capital needs of the project.

HUD’s existing chart of accounts for multifamily projects is outdated and in need of significant revision to reflect current multifamily housing program requirements and REAC’s data system needs for assessing the financial performance and compliance of multifamily housing projects.

A full listing of the “new” chart of accounts for multifamily housing projects can be found on REAC’s Internet web site, at <http://www.hud.gov/reac/reafinmf.html>. The site includes detailed account descriptions to improve the consistency of accounting treatment and comparability of financial data between projects.

While the changes to update the old chart of accounts are many, the conversion to the new chart of accounts is not anticipated to be a difficult undertaking for multifamily project owners, agents, accountants and auditors, because the nature of the changes consist primarily of:

- new accounts to capture information already being reported to HUD outside the existing chart of accounts, such as the required break-out between project-level and owner-entity activities;
- new accounts to provide the required separation of project construction activity;
- new accounts to better support existing program compliance requirements;
- new accounts to strengthen required compliance with GAAP;
- consolidation of related accounts that no longer require separate reporting;
- deletion of accounts that are no longer applicable or needed;
- changes to account numbers and/or titles to clarify their purpose and meaning; and
- new accounts for non-profits in accordance with FASB notices 116 and 117.

Appendix No. 1 of this guide provides a chart that shows:

- a side-by-side comparison of the old and new chart of accounts;
- an explanation of the reason for chart of account changes; and
- suggested methods to convert a project’s current account information into the new chart of account requirements in the middle of an annual accounting cycle.

Appendix No. 2 provides additional accounts for non-profits in compliance with FASB notices 116 and 117, and Appendix No. 3 provides additional accounts for cooperative projects.

SUPPLEMENTAL COMPLIANCE DATA REVISIONS

HUD has established Supplemental Compliance Data reporting requirements to aid in monitoring and better assuring a multifamily housing project's financial health. The following 12 Supplemental Compliance Data items are being deleted from a multifamily housing project's annual financial reporting requirements because they were deemed to be redundant or no longer unnecessary:

- Schedule of Accounts/Notes Receivable
- Schedule of Delinquent Tenant Accounts Receivable
- Schedule of Mortgage Escrow Deposits
- Schedule of Tenant Security Deposits
- Schedule of Accounts Payable
- Schedule of Notes Payable
- Schedule of Accrued Real Estate Taxes
- Schedule of Compensation of Partners or Officers
- Unauthorized Distributions of Project Income to Stockholders or Partners
- Schedule of Funds in Financial Institutions
- Schedule of Identity of Interest Firms

These remaining annual Supplemental Compliance Data requirements are being retained or expanded:

- Schedule of Reserve for Replacements
- Schedule of Residual Receipts
- Computation of Surplus Cash
- Schedule of Changes in Fixed Assets Accounts
- Schedule of 5300 Accounts
- Schedule of 6900 Accounts
- Nursing Home Data (i.e. Licensed Beds, Capacity/Patient Day/Utilization, and Census) [New item to aid in Development and Performance]
- Detail of Accounts (i.e. "breakout" of miscellaneous accounts, Entity/Construction and Cash-Flow accounts, etc.) [10% rule +]

Additional details on the revised Supplemental Compliance Data items for multifamily housing projects can be obtained on REAC's Internet web site at

<http://www.hud.gov/reac/reafinmf.html>.

FINANCIAL STATEMENT SUBMISSION REQUIREMENTS

To expedite REAC's receipt and processing of annual financial and compliance reports on HUD-supported multifamily projects – as an essential element of HUD's control over its financial risks and regulatory oversight responsibilities – project owners will be required to submit the information electronically, over the internet. In accordance with their project Regulatory Agreements, or other contractual agreements, most multifamily projects are required to submit their “audited” financial and compliance reports within 60 days after the end of their fiscal year. Such audits are performed in accordance with the requirements of HUD Handbook No. 2000.04, which further provides audit coverage of HUD's Supplemental Compliance Data Schedules for multifamily projects.

An exception to the 60 day audit submission requirement are “non-profit” projects covered by the Single Audit Act. These projects have nine months after the end of their fiscal year to submit “audited” annual financial statements, and the compliance coverage of the audit is governed by the Single Audit Act Compliance Supplement rather than HUD Handbook 2000.04. However, in cases where non-profits wait more than 60 days after the end of their fiscal year to submit their audited financial statements, they are still required to submit the financial and compliance reports required by their HUD contracts, in unaudited form within 60 days after the end of their fiscal year. If a non-profit chooses to submit its “audited” financial statements within 60 days of the end of its fiscal year, it must also assure that the contractually required Supplemental Compliance Data not covered by the Single Audit Act is included in the audit submission package in “unaudited” form.

The following charts show the normally required submission schedule, based on an effective date for full implementation of new REAC requirements beginning with fiscal years ending 12/31/98:

“For-Profit” Multifamily Project Owners FYE	Submit Audited Financial Statements Within 60 Days	Basis Of Accounting	Regulating Rules For Report Submission Requirements
09-30-98	12-01-98	GAAP	EXISTING (OLD) RULES
12-31-98	03-01-99*	GAAP	NEW REAC RULES
03-31-99	06-01-99	GAAP	NEW REAC RULES
06-30-99	09-01-99	GAAP	NEW REAC RULES
09-30-99	12-01-99	GAAP	NEW REAC RULES
12-31-99	03-01-00	GAAP	NEW REAC RULES

“Non-Profit” Multifamily Housing Projects FYE	Submit Unaudited Statements Within 60 Days	Submit Audited Financial Statements	Basis Of Accounting	Regulating Documents For This Requirement
09-30-98	12-01-98	07-01-99	GAAP	OMB Circular A-133
12-31-98	03-01-99*	10-01-99	GAAP	NEW RULE & OMB A-133
03-31-99	06-01-99	01-01-00	GAAP	NEW RULE & OMB A-133
06-30-99	09-01-99	04-01-00	GAAP	NEW RULE & OMB A-133
09-30-99	12-01-99	07-01-00	GAAP	NEW RULE & OMB A-133
12-31-99	03-01-00	10-01-00	GAAP	NEW RULE & OMB A-133

* Since notice of REAC’s new electronic submission process and corresponding changes to the Chart of Accounts and Supplemental Compliance Data are coming in the middle of a multifamily project’s annual accounting cycle, *with short notice, an across-the-board 120 day extension will be granted to the above shown 60 day submission requirements for all projects with a December 31, 1998 fiscal year end.* Further extensions beyond the extended submission date of June 30, 1999, must be requested of REAC in writing, and will only be granted by REAC for highly unusual reasons deemed to be beyond a project owner’s control. The second year of implementation will revert back to the 60 day submission period required by contractual agreements between HUD and the project owners. Failure to properly comply with these essential submission requirements will result in the pursuit of appropriate enforcement actions by HUD, including civil monetary penalty remedies.

As part of REAC’s new processes, owners will submit their required annual reports using a secured transmission process utilizing user identifications and passwords. Pre-submission software is being developed by REAC to help project owners to more easily submit their annual report information in a template format over the Internet. Further information on multifamily housing project report submission requirements and processes can be obtained on REAC’s Internet web site at

<http://www.hud.gov/reac/reafin.html>.

BALANCE SHEET ACCOUNTS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
1110 Petty Cash	None	Delete old account as unnecessary and roll any balance into redefined account # 1120
1120 Cash in Bank	1120 Cash – Operations	Change account title to reflect a consolidation of all cash accounts from project operations including petty cash
None	1121 Construction Cash	Create new cash account to reflect requirement for separate construction accounts. Prior year listing would have been shown on the balance sheet under an owner-selected account number.
None	1125 Cash – Entity	Create new cash account to reflect requirement that projects keep operating funds separate from owner-entity funds. Prior year listing would have been shown on the balance sheet under an owner-selected account number.
1130 Tenant/Member Accounts Receivable (Cooperatives)	1130 Tenant/Member Accounts Receivable (Cooperatives)	No change
4200 Reserve for Collection Losses	1131 Allowance for Doubtful Accounts	Change account number and title to better reflect position on the balance sheet as a current asset account.
None	1130N Net Tenant Accounts Receivable	Create a new account to show total tenant accounts receivable less allowance for doubtful accounts. Prior year listing would have been shown on balance sheet as tenant accounts receivable.
None	1135 Accounts Receivable - HUD	Create new account so the balance sheet will properly reflect accounts receivable from HUD that are already reported as cash on the Computation of Surplus Cash Schedule. Old chart of account listing was accounts receivable-other. A separate listing was on Part A, item 2 of the Computation of Surplus Cash.
1140 Accounts Receivable-Other	1140 Accounts and Notes Receivable – Operations	Change title to consolidate accounts <u>and</u> notes receivable related to project operations. This is a combination of amounts shown in 1140 and 1150 on prior year balance sheet.

BALANCE SHEET ACCOUNTS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
None	1145 Accounts and Notes Receivable – Entity	Create new account to separate accounts and notes receivable related to the owning entity. Prior year listing would have been shown on the balance sheet under an owner-selected account number.
1150 Notes Receivable	None	Deleted this account. Expanded definition of 1140 to include notes receivable.
1160 Accrued Receivables	1160 Accounts Receivable - Interest	Change title to capture receivable interest accruals for purposes of required reconciliation of reserve accounts, and roll old account balances into new account # 1140. Prior year listing would have been shown on the balance sheet under an owner-selected account number.
None	1165 Interest Reduction Payment Receivable	Create new account to recognize Interest Reduction Payments that are in excess of interest due under the mortgage note. This account only applies to Section 236 projects.
1170 Investments (Short term)	1170 Short Term Investments - Operations	Changed title to provide required separation of project operating fund versus owning-entity investments.
None	1175 Short Term Investments - Entity	Create new account # to provide required separation of operating versus owning-entity investments. Prior year listing would have been shown on the balance sheet under an owner-selected account number.
1190	1190 Miscellaneous Current Assets	No change
1191 Tenant Security Deposits – Held in Trust	1191 Tenant/Patient Deposits Held in Trust	Changed title so that it will also reflect existing deposits held for patients by nursing homes and assisted living facilities. Prior year listing should be the same on balance sheet.
1210,1240,1250,1260,1270 Prepaid Expense Accounts	1200 Miscellaneous Prepaid Expenses	Consolidate all prepaid expense accounts into one new account #. Combination of amounts shown on prior year balance sheet under accounts 1210,1220,1230,1240,1250,1260,1270
None	1100T Total Current Assets	Sum of total current assets
1310 Mortgage Escrow deposits	1310 Escrow Deposits	Change title to include a broader range of escrow accounts. Prior year listing should same on balance sheet.

BALANCE SHEET ACCOUNTS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
1320 Cash Replacement Reserve	1320 Replacement Reserve	Broader title to consolidate cash and securities. Consolidation of accounts 1320 and 1321
1321 Securities-Replacement Reserve	None	Eliminated – see 1320 above.
1330 Cash – Painting Reserve	1330 Other Reserves	Broader title to include several types of reserves and eliminate separate accounts for Securities – Painting reserve. Consolidation of accounts 1330 and 1331.
1331 Securities-Painting Reserve	None	Eliminated – see 1330 above.
1340 Cash – Residual Receipts Reserve	1340 Residual Receipts Reserve	Broader title to consolidate cash and securities. Consolidation of accounts 1340 and 1341.
1341 Securities-Residual Receipts Reserve	None	Eliminated – see 1340 above.
1380 Project Improvement Account	1381 Management Improvement and Operating Plan	Changed name to reflect title of HUD forms (i.e. Management Improvement and Operating Plan: MIO). In prior year, this would have been reported in account 1380.
	1300T Total Deposits	Sum of all reserve accounts.
1410 Land	1410 Land	No change
1420 Land	1420 Buildings	No change. Combination of old account 1420 and 1430.
1430 Building Equipment Fixed	None	Delete the old account and consolidate any balance into account # 1420 – Buildings.
1440 Building Equipment (Portable)	1440 Building Equipment (Portable)	No change
1450 Furniture for Project/Tenant Use	1450 Furniture for Project/Tenant Use	No change
1460 Furnishings	1460 Furnishings	No change
None	1465 Office Furniture and Equipment	Create new account to distinguish office furniture from regular project furniture (Funds can be released from reserves to replace project furniture, but not office furniture). Old chart of account listing is 1460.

BALANCE SHEET ACCOUNTS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
1470 Maintenance Equipment	1470 Maintenance Equipment	No change
1480 Motor Vehicles	1480 Motor Vehicles	No change
1490 Misc. Fixed Assets	1490 Miscellaneous Fixed Assets	No change
None	1400T Total Fixed Assets	Sum of all fixed asset accounts.
4120 thru 4190 Accumulated Depreciation	1495 Accumulated Depreciation	Consolidated all accumulated depreciation accounts into one new account. Prior year listing would have been the sum of accounts 4120 through 4190.
None	1400N Net Fixed Assets	Total fixed assets less accumulated depreciation.
1500 series Investments	1510 Investments - Operations	Change account title to provide required separation of project operating fund investments from owner-entity investments. Previous year amount reported in 1500.
None	1515 Investments - Entity	Create new account to provide required separation of owner entity investments from project operating fund investments. Prior year listing would have been shown on the balance sheet under an owner-selected account number.
1800 series Organization Expenses	1520 Intangible Assets	Change account title and # to reflect a broader range of amortized assets and to position this account in the proper place on the balance sheet. This is a combination of all amounts previously shown in the 1800 series.
None	1590 Miscellaneous Other Assets	Create new account for other long-term assets not currently captured in the chart of accounts. This is a combination of all amounts previously shown in the 1900 series.
None	1500T Total Other Assets	Sum of other assets
None	1000T Total Assets	Sum of all assets
None	2105 Bank Overdraft - Operations	Create new account so owners do not have to show overdrafts as negative cash.

BALANCE SHEET ACCOUNTS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
2110 Accounts Payable	2110 Accounts Payable - Operations	Change account title to provide for required separation of owner-entity payables from project operating payables. Prior year account 2110 less new account 2109.
None	2111 Accounts Payable - Construction/ Development	Create new account to provide for the required separation of construction cash and liabilities Prior year listing would have been shown on the balance sheet under an owner-selected account number.
None	2112 Accounts Payable - Project Improvement Items	Create new account to support HUD's policy of entering into MIO plans with project owners. Prior year listing would have been shown on the balance sheet under an owner-selected account number.
None	2113 Accounts Payable - Entity	Create new account to provide for required separation of owner-entity payables from project operating payables. Prior year listing would have been shown on the balance sheet under an owner-selected account number.
2115 Accounts Payable – HUD	2115 Accounts Payable - 236 Excess Income Due HUD	Change account title to more accurately reflect the purpose of the account. Name change only.
None	2116 Accounts Payable - Section 8 & Other	Create new account to provide a place to capture other payables for which owners already maintain separate records. Prior year listing would have been 2115. Shown as an adjustment to the December HAP voucher.
2120 Accrued Wages and Payroll Taxes Payable	2120 Accrued Wages Payable	Change account title to separate accrued wages from accrued payroll taxes to keep owners from incorrectly reporting payroll taxes in account 2150 – Property Taxes (owners already maintain these records separately on IRS form 941).
None	2121 Accrued Payroll Taxes Payable	Create new account to separate accrued wages from accrued payroll taxes to keep owners from incorrectly reporting payroll taxes in account 2150 – Property Taxes (owners already maintain these records separately on IRS form 941).
None	2123 Accrued Management Fee Payable	Create a new account to break out management fee payables from other payables, due to certain restrictions on repayment and to automate a check of management fee accruals already separately maintained in owner records. Previously included in 2110.

BALANCE SHEET ACCOUNTS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
2130 Accrued Interest Payable	2130 Accrued Interest Payable - Section 236	Change title to make this account specific to Section 236 mortgages due to the fact that some owners were using this account to record the entire interest payable (i.e. both HUD's portion and the owners' portion). Previously shown in 2130.
None	2131 Accrued Interest Payable - First Mortgage	Create new accounts to isolate interest on the first mortgage from entity obligations and other mortgages (owners already maintain this information separately in their books). Amount previously shown in 2130.
None	2132 Accrued Interest Payable - Second Mortgage	See 2131 above.
None	2133 Accrued Interest Payable - Other Loans and Notes (Surplus Cash)	See 2131 above.
None	2134 Accrued Interest Payable - Other Loans and Notes	See 2131 above.
None	2135 Accrued Interest Payable - Flexible Subsidy Loan	See 2131 above.
None	2136 Accrued Interest Payable - Capital Improvements Loan	See 2131 above.
None	2137 Accrued Interest Payable - Operating Loss Loan	See 2131 above.
2140 Dividends or Distributions Payable	None	Delete account as GAAP requirements prohibit accrued distributions from being reported as liabilities. An equity adjustment must be performed to eliminate prior year amounts.
2150 Accrued Property Taxes	2150 Accrued Property Taxes	No change
2160 Notes Payable (Short-term)	2160 Notes Payable (Short-term)	No change
None	2170 Mortgage Payable - First Mortgage (Short Term)	Create new accounts to meet GAAP requirement to report principal payments due within one year as short-term liabilities. Prior year listing would have been shown on the balance sheet under an owner-selected account number.
None	2172 Mortgage Payable - Second Mortgage (Short Term)	See 2170 above.

BALANCE SHEET ACCOUNTS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
None	2173 Other Loans and Notes Payable, Surplus Cash (Short Term)	See 2170 above.
None	2174 Other Loans and Notes (Short Term)	See 2170 above.
None	2175 Flexible Subsidy Loan Payable (Short Term)	See 2170 above.
None	2176 Capital Improvement Loan Payable (Short Term)	See 2170 above.
None	2177 Operating Loss Loan Payable (Short Term)	See 2170 above.
None	2180 Utility Allowances	Create new account to capture this common liability not captured by the old chart of accounts (owners already maintain these records separately). Prior year amounts shown in 2110. Total of all undistributed utility checks.
2190 Misc. Current Liabilities	2190 Miscellaneous Current Liabilities	No change
2191 Tenant Security Deposits – Held in Trust	2191 Tenant/Patient Deposits Held In Trust (Contra)	Change title to include reference to nursing home and assisted living patients, whose owners already use this account. Name change only.
2210 Prepaid Rents	2210 Prepaid Revenue	Change title to capture a broader range of prepaid revenue. Combination of prior accounts 2210,2220,2290.
2220 Prepaid Interest Revenue	None	Delete account and roll any balances into expanded account number 2210.
2290 Miscellaneous Prepaid Revenues	None	Delete account and roll any balances into expanded account number 2210
None	2122T Total Current Liabilities	Sum of all current liabilities.
2310 Notes Payable (Long-term)	2310 Notes Payable - Long Term	No change
2311 Notes Payable - Surplus Cash	2311 Notes Payable - Surplus Cash	No change
2320 Mortgage Payable	2320 Mortgage Payable - First Mortgage	Change title to isolate first mortgage and other project debts (owners already maintain separate records on their books). Reported in 2320 in prior years.

BALANCE SHEET ACCOUNTS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
None	2322 Mortgage Payable - Second Mortgage	See 2320 above.
None	2323 Other Loans and Notes Payable - Surplus Cash	See 2320 above.
None	2324 Other Loans and Notes Payable	See 2320 above.
2330 Bonds Payable	None	Delete account as owners of bond-financed projects are only required to report on the mortgage obligations that serve as the security for the bonds.
2340 Flexible Subsidy Loan Payable	2325 Flexible Subsidy Loan Payable	Change account number. Reported in 2340 in prior years.
2350 Capital Improvement Loan Payable	2326 Capital Improvement Loan Payable	Change account number. Reported in 2350 in prior years.
2360 Operating Loss Loan Payable	2327 Operating Loss Loan Payable	Change account number. Reported in 2360 in prior years.
2390 Misc. Long Term Liabilities	2390 Misc. Long Term Liabilities	No change
None	2300T Total Long Term Liabilities	Sum of all long-term liabilities.
None	2000T Total Liabilities	Sum of short-term and long-term liabilities
None	3033T Total Equity/Retained Earnings	Total equity.
None	2033T Total Liabilities and Equity/Retained Earnings	Total liabilities and equity.

STATEMENT OF PROFIT & LOSS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
5120 Rent Revenue - Gross Potential	5120 Rent Revenue - Gross Potential	No change
5121 Tenant Assistance Payments	5121 Tenant Assistance Payments	No change
5130 Rent Revenue – Furniture and Equipment	None	Delete account and roll any balance into account # 5140
5140 Rent Revenue - Stores and Commercial	5140 Rent Revenue - Stores and Commercial	Combination of old 5130 and 5140.
5170 Garage and Parking Spaces	5170 Garage and Parking Spaces	No change
5180 Flexible Subsidy Revenue	5180 Flexible Subsidy Revenue	No change
5190 Misc. Rent Revenue	5190 Misc. Rent Revenue	No change
None	5191 Excess Rent	Created to capture excess rents charged to tenants in 236, 202, 811 and 221(d)(3) BMIR projects. Owners already maintain these records separately. Usually shown in 5190 in prior periods.
None	5192 Rent Revenue/ Insurance	Created to capture rent revenue collected from insurance companies for units unoccupied due to casualty loss. Owners already maintain this information separately. Usually shown in 5190 in prior periods.
None	5193 Special Claims Revenue	Created to isolate revenue received for Section 8 special claims. This information is already maintained separately. Management agents are not allowed to take a fee on this revenue. Usually shown in 5190 in prior periods.
None	5194 Retained Excess Income	Created to collect 236 excess income retained by owners in compliance with the new HUD notice 98-10. Owners already collect this information separately. New account to conform to new regulations.
None	5100T Total Rent Revenue	Sum of revenue accounts.
5220 Apartments	5220 Apartments	No change

STATEMENT OF PROFIT & LOSS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
5240 Stores and Commercial	5240 Stores and Commercial	No change
None	5250 Rental Concessions	Created to segregate lost revenues due to rent concessions. The old chart of accounts did not have a separate place to record these losses. Usually shown in 6250 in prior periods.
5270 Garage and Parking Space	5270 Garage and Parking Space	No change
5290 Miscellaneous	5290 Miscellaneous	No change
None	5200T Total Vacancies	Sum of vacancy losses.
None	5152N Net Rental Revenue (Rent Revenue Less Vacancies)	Revenues less vacancy losses.
5300 Nursing Homes/ Assisted Living/Board & Care/Other Elderly Care/Coop/ and Other Revenues	5300 Nursing Homes/ Assisted Living/Board & Care/Other Elderly Care/Coop/ and Other Revenues	Any changes are reflected in Supplemental Data
5410 Financial Revenue - Project Operations	5410 Financial Revenue - Project Operations	No changes
5420 Interest Reduction Payments	None	Eliminated. GAAP requirements dictate that owners report net interest expense without a separate computation of accrued interest less interest reduction payments. This account was not being used.
5430 Revenue from Investments - Residual Receipts	5430 Revenue from Investments - Residual Receipts	No changes
5440 Revenue from Investments - Replacement Reserve	5440 Revenue from Investments - Replacement Reserve	No changes
5490 Revenue from Investments - Miscellaneous	5490 Revenue from Investments – Miscellaneous	No changes
None	5400T Total Financial Revenue	Sum of all financial revenues.
5910 Laundry and Vending Revenue	5910 Laundry and Vending Revenue	No changes
5920 NSF and Late Charges	5920 Tenant Charges	Changed name to capture a broader range of tenant charges. Combination of amounts previously reported in 5920,5930 and 5940.

STATEMENT OF PROFIT & LOSS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
5930 Damages and Cleaning Fees	None	Eliminated. Rolled into 5920.
5940 Forfeited Tenant Security Deposits	None	Eliminated. Rolled into 5920.
None	5945 Interest Reduction Payments Revenue	Create new account to recognize Interest Reduction Payments that have been received by the owner over and above interest due on the mortgage note. (Note - this account only applies to Section 236 projects that are over 20 years old)
5990 Miscellaneous Revenue	5990 Miscellaneous Revenue	No changes
None	5900T Total Other Revenue	Sum of other revenue.
None	5000T Total Revenue	Sum of all revenue.
None	6203 Conventions and Meetings	Created to isolate these expenses. Usually shown as part of 6390 in prior periods.
None	6204 Management Consultants	Created to isolate these expenses. Usually shown as part of 6390 in prior periods.
6210 Advertising	6210 Advertising and Marketing	Changed name. Now includes marketing which was usually shown in 6250.
6250 Other Renting Expenses	6250 Other Renting Expenses	No changes
6310 Office Salaries	6310 Office Salaries	No changes
6311 Office Supplies	6311 Office Expenses	Changed name to broaden. Combination of prior year 6311 and 6360.
6312 Office or Model Apartment Rent	6312 Office or Model Apartment Rent	No changes
6320 Management Fee	6320 Management Fee	No changes
6330 Manager or Superintendent Salaries	6330 Manager or Superintendent Salaries	No changes
6331 Manager's or Superintendents rent free unit	6331 Administrative Rent Free Unit	Changed name to broaden.

STATEMENT OF PROFIT & LOSS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
6340 Legal Expense - Project	6340 Legal Expense - Project	No changes
6350 Audit Expense	6350 Audit Expense	No changes
6351 Bookkeeping Fees/Accounting Services	6351 Bookkeeping Fees/Accounting Services	No changes
6360 Telephone and Answering Service Expense	None	Eliminated. Rolled into 6311.
6370 Bad Debts	6370 Bad Debts	No changes
6390 Misc. Administrative Expenses	6390 Misc. Administrative Expenses	No changes
None	6263T Total Administrative Expenses	Sum of administrative expenses.
6420 Fuel Oil/Coal	6420 Fuel Oil/Coal	No changes
6450 Electricity	6450 Electricity	No changes
6451 Water	6451 Water	No changes
6452 Gas	6452 Gas	No changes
6453 Sewer	6453 Sewer	No changes
None	6400T Total Utilities Expense	Sum of utility expenses.
6510 Janitor and Cleaning Payroll	6510 Payroll	Changed name to broaden. Now includes all operating and maintenance payroll expenses. Combination of old accounts 6510, 6535 and 6540.
6515 Janitor and Cleaning Supplies	6515 Supplies	Changed name to broaden. Now includes all operating and maintenance supplies. Combination of old accounts 6515, 6536, 6541 and 6561
6517 Janitor and Cleaning contract	None	Eliminated. Rolled into 6520

STATEMENT OF PROFIT & LOSS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
6519 Exterminating Payroll / Contract	None	Eliminated. Rolled into 6520
6520 Exterminating Supplies	6520 Contracts	Changed name to broaden. Now includes all operating and maintenance contracts. Combination of old accounts 6517, 6519, 6537, 6542, 6545, 6547 and 6560
None	6521 Operating and Maintenance Rent Free Unit	Created to capture non-revenue units related to operations and maintenance. Owners already maintain this information separately in their records. The old chart of accounts did not have a place to record this information, so owners were inconsistent in where they recorded it. Usually reported in 6570 or 6590 in prior periods.
6525 Garbage and Trash Removal	6525 Garbage and Trash Removal	No changes
6530 Security Payroll/Contract	6530 Security Payroll/Contract	No changes
None	6531 Security Rent Free Unit	Created to capture rent free units used by police officers or guard. See 6521 above. Usually shown in 6570 or 6590 in prior periods.
6535 Grounds Payroll	None	Eliminated. Rolled into 6510.
6536 Grounds Supplies	None	Eliminated. Rolled into 6515.
6537 Grounds Contract	None	Eliminated. Rolled into 6520.
6540 Repairs Payroll	None	Eliminated. Rolled into 6510.
6541 Repairs Material	None	Eliminated. Rolled into 6515.
6542 Repairs Contract	None	Eliminated. Rolled into 6520.
6545 Elevator Maintenance Contract	None	Eliminated. Rolled into 6520.
6546 Heating/Cooling Repairs and Maintenance	6546 Heating/Cooling Repairs and Maintenance	No changes

STATEMENT OF PROFIT & LOSS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
6547 Swimming Pool Maintenance Contract	None	Eliminated. Rolled into 6520.
6548 Snow Removal	6548 Snow Removal	No changes
6560 Decorating Payroll / Contract	None	Eliminated. Rolled into 6520.
6561 Decorating Supplies	None	Eliminated. Rolled into 6515.
6570 Vehicle and Maintenance Equipment Operation and Repairs	6570 Vehicle and Maintenance Equipment Operation and Repairs	No changes
6590 Misc. Operating and Maintenance Expenses	6590 Misc. Operating and Maintenance Expenses	No changes
None	6500T Total Operating and Maintenance Expenses	Sum of operating and maintenance expenses.
6710 Real Estate Taxes	6710 Real Estate Taxes	No changes
6711 Payroll Taxes (Project's Share)	6711 Payroll Taxes (Project's Share)	No changes
6719 Miscellaneous Taxes, Licenses, and Permits	None	Eliminated. Rolled into 6790.
6720 Property & Liability Insurance (Hazard)	6720 Property & Liability Insurance (Hazard)	No changes
6721 Fidelity Bond Insurance	6721 Fidelity Bond Insurance	No changes
6722 Workman's Compensation	6722 Workmen's Compensation	No changes
6729 Other Insurance	None	Eliminated. Rolled into 6790.
6723 Health Insurance and Other Employee Benefits	6723 Health Insurance and Other Employee Benefits	No changes
None	6790 Miscellaneous Taxes, Licenses, Permits and Insurance	Created to broaden. Consolidates old accounts 6719 and 6729.
None	6700T Total Taxes and Insurance	Sum of taxes and insurance expenses.

STATEMENT OF PROFIT & LOSS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
6810 Interest on Bonds Payable	None	Eliminated. Owners of bond-financed properties are required to report interest expense for the mortgage...not the underlying bonds.
6820 Interest on Mortgage Payable	6820 Interest on Mortgage Payable	No changes
6830 Interest on Notes Payable (Long Term)	6830 Interest on Notes Payable (Long Term)	No changes
6840 Interest on Notes Payable (Short Term)	6840 Interest on Notes Payable (Short Term)	No changes
6850 Mortgage Insurance Premium/Service Charge	6850 Mortgage Insurance Premium/ Service Charge	No changes
6890 Miscellaneous Financial Expenses	6890 Miscellaneous Financial Expenses	No changes
None	6800T Total Financial Expenses	Sum of financial expenses.
6900 Nursing Homes/Assisted Living/ Board & Care/Other Elderly Care Expenses	6900 Nursing Homes/Assisted Living/ Board & Care/Other Elderly Care Expenses	Any changes are reflected in Supplemental Data
None	6000T Total Cost of Operations before Depreciation	
None	5060T Profit (Loss) Before Depreciation	
None	6600 Depreciation Expenses	No changes
None	6610 Amortization Expense	Created to record amortization of organizational/loan expenses. Owners maintain this data separately, but the old chart of accounts did not have a place to recognize these expenses. As a result, owner's reporting practices were inconsistent. Usually reported in prior periods under 6890, 6600 or 7190.
None	5060N Operating Profit or (Loss)	
7110 Officer's Salaries	7110 Officer's Salaries	No changes

STATEMENT OF PROFIT & LOSS: Side-By-Side Comparison of Old and New Accounts		APPENDIX NO. 1
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
7120 Legal Expenses	7120 Legal Expenses	No changes
7130 Federal Income Tax	7130 Federal, State, and Other Income Taxes	Changed name to broaden. Combination of old accounts 7130, 7131, and 7132.
7131 State Income Tax	None	Eliminated. Rolled into 7130.
7132 Other Taxes – Entity	None	Eliminated. Rolled into 7130.
None	7140 Interest Income	Created to capture interest earned on entity accounts. Old chart of accounts had no place to recognize this income. Usually reported under 5490 in prior periods.
None	7141 Interest on Notes Payable	Created to capture interest accruing on entity notes. Old chart of accounts did not accommodate this requirement. This deficiency caused owners to incorrectly report this expense as operating interest. Owners already maintain this information separately. Usually reported under 6830 or 6840 in prior periods.
None	7142 Interest on Mortgage Payable	See 7141. Usually reported under 6830 or 6840 in prior periods.
7190 Other Expense	7190 Other Expense	No changes
None	7100T Net Entity Expenses	Entity interest less entity expenses.
None	3250 Profit or Loss (Net Income or Loss)	

Appendix No. 2

Statement of Financial Positions: Side-By-Side Comparison of Old and New Accounts for Non-profits		APPENDIX NO. 2
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment
None	1525 Cash Restricted for Long-term Investment	Added to comply with requirements of FASB 116 and 117
None	3131 Unrestricted Net Assets	Added to comply with requirements of FASB 116 and 117
None	3132 Temporarily Restricted Net Assets	Added to comply with requirements of FASB 116 and 117
None	3133 Permanently Restricted Net Assets	Added to comply with requirements of FASB 116 and 117
3130 Owner equity or Certificates Held in Treasury	3130 Total Net Assets	Name change required to comply with requirements of FASB 116 and 117
Statement of Activities: Side-By-Side Comparison of Old and New Accounts for Non-profits		
None	5960 Expiration of Gift Donor Restrictions	Added to comply with requirements of FASB 116 and 117
None	5970 Gifts	Added to comply with requirements of FASB 116 and 117
3250 Net Profit or Loss	3250 Change in Unrestricted Net Assets	Name change in compliance with FASB 116 and 117

Appendix No. 3

Statement of Financial Position: Side-By-Side Comparison of Old and New Accounts for Cooperatives			APPENDIX NO. 3
Old Chart of Accounts Account Number and Title	New Chart of Accounts Account Number and Title	Explanation of Change and Preferred Treatment	
1365 General Operating Reeserve (GOR)	1365 General Operating Reserve (Coops)	Name change to specify that this is a cooperative account	
1370 Apartment Rehabilitation Deposits	1370 Deposits to Coops	Name change to specify that this is a cooperative account	
2230 Apartment Rehabilitation Deposits	2230 Deposits to Coops	Name change to specify that this is a cooperative account	
3105 Certificates Subscribed	None	Eliminated. This is an internal account for cooperatives and not reported in the financial statements.	
3110 Capital Stock – Preferred	None	Eliminated. This is an internal account for cooperatives and not reported in the financial statements.	
3120 Capital Stock - Common	None	Eliminated. This is an internal account for cooperatives and not reported in the financial statements.	
3130 Owner Equity or Certificate Held in Treasury	4010 Certificates Held in Treasury (Coops)	Account number and name change to segregate cooperative equity accounts.	
3140 Certificates of Initial Value Issued and Outstanding	4020 Certificates of Initial Capital Value (Coops)	Account number and name change to segregate cooperative equity accounts.	
3210 Retained Earnings or Surplus or Deficiency form Operations (Coops)	4030 Surplus/Deficiency from Operations (Coops)	Account number and name change to segregate cooperative equity accounts.	
3215 Amortized Mortgage	4040 Amortized Mortgage (Coops)	Account number and name change to segregate cooperative equity accounts.	
3220 Replacement Reserve	4050 Replacement Reserve (Coops)	Account number and name change to segregate cooperative equity accounts.	
3235 General Operating Reserve	4060 General Operating Reserve (Coops)	Account number and name change to segregate cooperative equity accounts.	
3241 Paid-in Surplus	4070 Paid-in Surplus (Coops)	Account number and name change to segregate cooperative equity accounts.	
None	4080 Other Equity (Coops)	Added account to capture miscellaneous equity items.	

Statement of Financial Position: Side-By-Side Comparison of Old and New Accounts for Non-profit Cooperatives APPENDIX NO. 3		
None	4100 Unrestricted Net Assets	Added to comply with requirements of FASB 116 and 117
None	4200 Temporarily Restricted Net Assets	Added to comply with requirements of FASB 116 and 117
None	4300 Permanently Restricted Net Assets	Added to comply with requirements of FASB 116 and 117
Statement of Activities: Side-By-Side Comparison of Old and New Accounts for Cooperatives APPENDIX NO. 3		
5320 Members Group Life Insurance Expens	5320 Members Group Life Insurance Expense (Coops)	Account number and name change to segregate cooperative expense accounts.